



STATE OF WASHINGTON  
DEPARTMENT OF REVENUE

June 15, 2007

Dear Taxpayer:

**Retail sales tax collection is changing July 1, 2008**

Under current law, retail sales tax is collected based on the location from which merchandise is shipped or delivered. Substitute Senate Bill 5089 ("Streamlined Sales Tax") changes that.

On July 1, 2008, Washington retailers that deliver or ship goods to customers in Washington must start collecting sales tax based on the location where the customer receives the merchandise – the "destination" of the sale.

**We know this is a big change**

We are here to help. In the coming months, we will provide information and assistance to help businesses prepare for this change. This will include information on our web site, mailings, workshops, and vendor fairs. Register online at <http://dor.wa.gov> under "Workshops & Education" to attend one of our first workshops:

- Spokane on September 12
- Sea-Tac on October 17
- Vancouver on November 8

Small businesses that make a certain percentage of deliveries outside their home jurisdictions and gross less than \$500,000 a year can receive up to \$1,000 in tax credits, or two years of free service from companies authorized to assist them ("certified service providers").

**Sales not affected**

This change does not affect:

- wholesale sales, services, and sales of motor vehicles, trailers, semi-trailers, aircraft, watercraft, modular homes, and manufactured and mobile homes.
- deliveries or shipments outside the state; Washington sales tax is not charged on those sales.
- sales when customers take possession at the selling location.

**Reason for the change**

Washington businesses that collect sales tax are losing sales to out-of-state retailers that don't charge sales tax, putting them at a competitive disadvantage.

A national effort, the Streamlined Sales and Use Tax Agreement, standardizes the way each state taxes goods so it's easier for online and mail order retailers to collect sales tax. To join this national effort, Washington had to change its method for collecting local sales tax.

**We want to hear from you**

Your feedback will help us develop tools to assist businesses in making this transition. Please take our quick online survey at: <http://dor.wa.gov/sst.htm> to help us find ways to better help you.

For more information on Streamlined Sales Tax, visit our web site at <http://dor.wa.gov>, or call 1-800-647-7706.